

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1951 - SB 1919**

February 27, 2016

**SUMMARY OF BILL:** Exempts from the occupational privilege tax nonresident licensees who: have been determined by another state to have qualifications to engage in the vocation, profession, business, or occupation that are in substantial equivalence with the licensure or registration requirements of the other state's laws; and have been granted by the other state the privilege to engage in the vocation, profession, business, or occupation, with or without the need to obtain a license or registration from the other state.

Defines "nonresident" as a person who does not maintain a residence or place of business in this state and who does not engage in a vocation, profession, business, or occupation subject to the occupational privilege tax in this state.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Exceeds \$282,000/FY15-16 and Subsequent Years**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-1703(a), occupational privilege tax is a \$400 tax on persons engaging in specified occupations in Tennessee, due and payable on June 1 of each year.
- The proposed legislation takes effect upon becoming a law. As a result, the first year impacted by this bill will be FY15-16.
- Pursuant to Tenn. Code Ann. § 67-4-1701, privilege tax collections are required to be deposited to the General Fund.
- The Department of Revenue reports that there are approximately 141,000 occupational privilege tax taxpayers who do not have either a Tennessee location address or a Tennessee mailing address.
- The number of such taxpayers who do not engage in a vocation, profession, business, or occupation subject to the occupational privilege tax in this state is unknown. However, it is reasonably estimated that at least one-half of one percent, or 705 taxpayers, pay the occupational privilege tax but do not regularly engage in business in the state in any given year.
- The recurring decrease in state revenue, beginning in FY15-16, is estimated to exceed \$282,000 (705 x \$400).

- Any increase in state and local sales tax revenue from tax savings being spent on sales taxable goods and services is estimated to be not significant, as these taxpayers are not residents of Tennessee.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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